

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4219-01  
Bill No.: HB 1432  
Subject: Agriculture and Animals; Agriculture Dept.; Motor Vehicles  
Type: Original  
Date: March 15, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$208,369)	(\$83,287)	(\$85,463)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$208,369)</b>	<b>(\$83,287)</b>	<b>(\$85,463)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials with the **Department of Conservation** assume the proposal could cause a slight upward pressure on diesel prices. However, the impact on MDC funds would not be significant.

Officials with the **Department of Transportation** and **Department of Natural Resources** assume no fiscal impact to their agency.

Officials with the **Department of Revenue (DOR)** assume this proposal requires all diesel fuel sold or offered for sale in Missouri to contain at least 2% biodiesel fuel oil; there will be an economic impact on the Division of Taxation.

Presently, there are no terminals in Missouri that have biodiesel. Terminals store and sell diesel. The distributor (not the terminal) adds the bio-component to the diesel fuel and then blends the fuel. If “sold or offered for sale” includes the terminal rack, then terminals would be required to store biodiesel, or blend the components upon delivery. Since biodiesel is typically sold in various blend percentages, terminals would have to be able to sell it in different blend percentages. If DOR be required to track each different percentage sold this would require changes to the fuel tax system (4,152 programming hours for a cost of \$138,511) and reporting forms.

VL:LR:OD (12/02)

ASSUMPTION (continued)

All distributors that offer diesel fuel would be required to be licensed (currently, not all are) because the distributors would be doing the blending of the fuel before selling to the retail stations. If each business (distributor) offering diesel fuel for sale would do their own blending, DOR estimates an additional 300 licenses (there is no licensing fee other than the company has to be bonded). These new licensees would have to be registered and would be required to file monthly reports. With the increase in licensees, the Division of Taxation would require two Tax Processing Technician I to handle licensing, data entry, and auditing.

Officials from the **Department of Agriculture** did not respond.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE</b>			
<u>Cost - Department of Revenue</u>			
Salaries	(\$37,228)	(\$45,790)	(\$46,935)
Fringe Benefits	(\$15,412)	(\$18,957)	(\$19,431)
Equipment & Expense	<u>(\$155,729)</u>	<u>(\$18,540)</u>	<u>(\$19,097)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$208,369)</u></b>	<b><u>(\$83,287)</u></b>	<b><u>(\$85,463)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

Yes.

DESCRIPTION

This bill requires that by July 1, 2006, all diesel fuel sold in Missouri for use in internal combustion engines contain at least 2% biodiesel fuel oil by volume.

DESCRIPTION (continued)

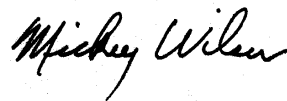
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources  
Department of Revenue  
Department of Transportation  
Department of Conservation

NOT RESPONDING

Department of Agriculture

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 15, 2004